

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, LEGAL
POLTD/0809/0128

OFFENCE
Theft/False Accounting

Name: Peter Anthony HOLMES
Rank: Post Office Manager Identification Code: 1
Office: Jesmond Branch Code 475 329
Age: **GRO** Date of Birth: **GRO**
Service: 13 years 6 months Date Service Commenced: 01 March 1995

Personnel Printout: At Appendix: C

Nat Ins No: **GRO**

Home Address:

GRO

Suspended/Contract for Services Suspended: 18 September 2008 on the authority of **[REDACTED]**

Handed into custody: N/A

At: N/A

Charged: N/A

To be prosecuted by: Royal Mail Group (including Post Office Ltd)/Crown Prosecutor

Designated Prosecution Authority: **[REDACTED]**, National Investigation Manager

Discipline Manager: **[REDACTED]**, Contracts & Services Advisor, C/O Post Office Ltd, Area Intervention Office, Mezzanine Floor, 10 Brunswick Road, Edinburgh, EH7 5XX

Interim Report

These papers refer to a £46,049.16 shortage realised during audit at Jesmond Sub Post Office Branch (SPOB) on Thursday 18th September 2008 and my subsequent interview with Mr Peter Anthony Holmes, Post Office Manager. The facts of the case are as follows:

Jesmond SPOB is located within a large pharmacy at the back of the shop. The branch has 3 counter positions.

This report is further to the report of 06/10/08 now at pages to of this file.

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On Thursday 18th September 2008 Post Office Ltd Auditors [REDACTED], Mick Renshaw and [REDACTED] carried out an audit at Jesmond SPOB. Mr Webb reported a £46,049.16 shortage in the accounts. The audit findings are as follows.

£	45874.49	(-)	Identified as a difference in cash figures
£	189.84	(-)	Identified as a difference in stock figures
£	34.37	(+)	Identified as a difference in foreign currency figures
£	0.80	(+)	Identified as a difference in cheques on hand figures
£	20.00	(-)	'Shortage in Rem' figure held in Suspense Account, for which a Transaction Correction had already been issued & accepted. Redeemed from Suspense Account at the audit
£	46049.16	(-)	Total Shortage

A copy of the Audit report is at Appendix B.

On Friday 19th September 2008 I visited the office of Mr Sunil Khanna to take a statement. Mr Khanna declined the offer to have a friend present. Mr Khanna stated he takes no part in the running of the office. He also stated he doesn't have a Horizon User ID. Mr Khanna said he has employed Peter Holmes since April 1996 to run the branch. He further said the last Branch Trading Statement (BTS) he seen was August 2007. He then said Mr Holmes told him it was because the second copy took too long to print. Mr Khanna was shown the BTS' from September 2007 to August 2008. He said he was not aware of the results as Mr Holmes had told him they were okay. Mr Khanna denied the theft of the money. A copy of form GS003 is at Appendix C.

Later that day Mr Peter Holmes attended Mr Khanna's office. I introduced myself and [REDACTED], Security Advisor who was now in attendance. Mr Holmes was cautioned. He declined the offer to have a Solicitor present and completed form GS001. Mr Holmes declined the offer of a friend to be present and completed form GS003. Mr Holmes agreed to a voluntary search of his home premises and car and forms GS005 and GS005a were completed. [REDACTED], Royal Mail Senior Criminal & Liaison Manager attended as third officer. Copies of forms GS001, GS005 and GS005a are at Appendix B. A copy of form GS003 is at Appendix C.

The search of Mr Holmes' home produced several financial documents that were seized.

3 x Horizon receipts – Barclays Cash Deposits £200 (10/09/08), £500 (15/09/08), £500 (17/09/08)

Horizon Transaction Log 07/08/08 – Jesmond Post Office

Barclays Deposit Book – Joint Account

Barclays Current Account Statements

Barclays Bank Giro Credits

The items were listed on form GS003d. The search of the car revealed no evidence. Forms GS005c and GS005d were completed and copies are at Appendix B, along with copies of the items seized.

A notebook entry of events was made and a copy is at Appendix B.

After the search we returned to Mr Khanna's office, where accompanied by [REDACTED], Security Advisor, I interviewed Mr Peter Anthony Holmes, Post Office Manager, Jesmond SPOB. The interview commenced at 14.11hrs and took place in the Lounge, 40 St Georges Terrace, Jesmond, NE2 2SY. Mr Holmes stated he had no objection to the interview being tape – recorded. Mr Holmes was again cautioned and completed side B of form GS001. He further declined the offer of a friend to be present and completed form GS003.

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The questions and Mr Holmes' replies were tape-recorded, master tape seal numbers 071706 and 071707 refer. Tape summaries are at pages _____ to _____ of this file and working copies of these tapes are at Appendix B.

Mr Holmes related the office opening times and the names and hours worked by the staff. He stated he is employed as the Office Manager and works full time. He confirmed Mr Sunil Khanna is the Subpostmaster in name only. He further confirmed Mr Khanna has nothing to do with the office and isn't on the Horizon system.

Mr Holmes stated he completes the end of month balance along with Doreen Corcoran. He further stated Mrs Corcoran will help until around the last half hour, when the paperwork is to be printed, then he will finish it off. He said this is because the computer is particularly slow. Mr Holmes explained the paperwork is done between them and either he or Mrs Corcoran will declare the cash. Mr Holmes stated they don't do a weekly balance.

Mr Holmes stated he opened the Post Office in the morning collecting the keys from the dispensing chemist counter. He further stated he distributes the cash between the three counter drawers, and they work out of one stock unit.

Mr Holmes voiced concerns that someone may have gained entry to the safe, when he left on Wednesday 16/09/08 after the balance. The alarm logs for Jesmond SPOB were obtained from RoMEC. They showed no entry was made to the Post Office area after Mr Holmes set the alarm. Copies of the Alarms Logs are at Appendix B.

Mr Holmes stated Horizon passwords were not shared.

Questions were put to Mr Holmes regarding the £46,053.01 shortage discovered at audit. Mr Holmes said the auditors found that there were two cash declarations made, and that one was around £46,000 out. Mr Holmes stated he had no idea what happened to the money, adding it may have been the Horizon system. He further stated nobody in the office had stolen the £46,000. He then said he didn't have it, it wasn't in his bank account. He further said he had spent too many years in the Police force seeing things go wrong, to start stealing money from anyone.

Mr Holmes stated one of the cash declarations was done to cover up the fact, that the office was short in cash. He said the shortage was initially £4,000 or £5,000 about 6 or 9 months previous (January or March), and had gone up by £3,000 or £4,000 a month. Mr Holmes further stated he didn't realise how much the shortage had risen to. Mr Holmes admitted he made the second cash declaration.

Mr Holmes was informed the second cash declaration was £34,000 x £20's and £12,400 x £10's. It was put to him the figures had been input under his user name, therefore he must have known the amount. Mr Holmes reiterated he didn't know the total figure. He added he didn't look at the total figure on the cash variances. He said he was hoping that error notices would come back, because he thought it was something that the computer had done or hadn't done.

Mr Holmes said he didn't tell Mr Khanna or his brother as it would cause trouble. He further said he didn't get on with Mr Khanna's brother Anil.

Mr Holmes was shown the Branch Trading Sheets (BTS) from Trading Period (TP) 05, ending 22/08/07 through to TP 02, ending 28/05/08. BTS's Period 11 and 12 were not shown as they

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couldn't be found. He was also shown the cash declarations, ID 06 for the period ends. Mr Holmes stated he signed all the BTS' and confirmed the cash on hand figures.

Questions were put to Mr Holmes regarding the overages and shortages shown on the BTS's. He could offer no explanation for them. He stated he didn't report the £776.31 shortage in TP 07, ending 24/10/07, because he was responsible for looking after things in-house.

Mr Holmes was questioned about the BTS for TP 01, ending 30/04/08, and cash declaration, ID 06 made at 13.12hrs on 30/04/08. He offered no explanation why the cash declaration was over £7,000 short compared to the BTS. Mr Holmes was shown the BTS for TP 02, ending 28/05/08, and cash declaration, ID 06 made at 13.14hrs on 28/05/08. He again offered no explanation why the cash declaration was £20,000 short compared to the BTS.

A break was taken in the interview at 14.16hrs to change tapes. Mr Holmes read out tape seal 071706 and all present signed the seal.

The interview was recommenced at 15.06hrs the same day in the Lounge, 40 St Georges Terrace, Jesmond. Mr Holmes was reminded he was still under caution, he declined the offer to have a Solicitor present and completed side B of form GS001. Mr Holmes further declined the offer of a friend to be present.

Mr Holmes was further questioned regarding the BTS for TP02. On further examination of the BTS, It couldn't be established if the cash on hand figure was £104k or £124k due to the print. He again offered no explanation why the cash declaration was £20,000 or £40,000 short compared to the BTS. Mt Holmes stated the difference may have been part of the second cash declaration.

Mr Holmes said he couldn't recall when he started doing the second cash declaration. He said he gave the second cash declaration the ID 09. He further said the regular cash declaration ID used was 06.

Mr Holmes was shown the BTS for TP 03, ending 25/06/08, and cash declaration, ID 06 made at 17.48rs on 25/06/08. When asked if he increased cash declaration ID 09 to cover the £31,000 difference, Mr Holmes replied 'Could have done'.

Mr Holmes was shown the BTS's for TP04, ending 30/07/08 and TP05, ending 27/08/08, and the relative cash declarations ID 06. He said the differences of £36,000 and £45,000 respectively would have been covered by the second cash declaration.

Mr Holmes admitted to producing false accounts for a period of 6 to 9 months. He also admitted he knew it was a criminal offence to produce false accounts.

Copies of the Branch Trading Statements, Cash Declarations and a schedule of both are at Appendix B.

Mr Holmes said he put has put money in when they had shortages in the office. He said he didn't inform Mr Khanna or his brother because he didn't want the hassle.

Mr Holmes stated he didn't give Mr Khanna a copy of the BTS after August 2007, because he didn't ask for it. Mr Holmes was informed, Mr Khanna said the excuse he was given was because the printer was to slow. Mr Holmes said he never had that conversation with Mr Khanna and the

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copies have been in the back office. It was put to Mr Holmes, he hadn't given Mr Khanna copies because he hadn't wanted him to see the situation. Mr Holmes replied 'No comment'.

Mr Holmes was asked what he thought had happened to the £46,000. He said he was hoping error notices would come back or somebody had stolen it. He denied he had stolen it.

Questions were put to Mr Holmes regarding amounts in Barclays Deposit Books, and Bank Statements recovered from his home address. Mr Holmes stated he made some of the deposits in Jesmond SPOB. He further stated he would transact them himself, and contradicted Mr Khanna's statement regarding rules for carrying out personal transactions.

Mr Holmes stated his wife's business takes in £200 to £300 a day and up to a £1,000 on Saturdays. He further said the money goes into their Joint Account as it gives more interest than the business account.

He said the deposits at Jesmond SPOB are made by him, while the deposits at Brunton Park SPOB are made by his wife. Mr Holmes stated Brunton Park SPOB is next door to his wife's business.

Mr Holmes said the deposits he makes at Jesmond SPOB are legitimate. He denied making deposits and not putting the money in the till.

Mr Holmes was questioned regarding deposits on his Bank Statements from 21/07/07 to 21/08/08 totalling £48,000. Mr Holmes said they were takings from his wife's business and he had the till receipts to support them.

Copies of the Bank Statements are at Appendix B.

Mr Holmes denied stealing the money.

The interview was concluded at 15.50hrs. Mr Holmes read out tape seal 071707 and all present signed the seal.

Both NPA and antecedents forms were completed at the end of the interview with Ms Knox and are now enclosed at Appendix C.

Mr Holmes and Mrs Holmes gave authority for disclosure of their bank accounts and completed forms GS045. Copies of the forms and the letters sent to the relevant banks are at Appendix C. No reply has been received as yet from Mrs Holmes' bank.

Horizon data requested covering the period 21/08/07 to 17/09/08 was received and analysed. On Wednesday 24/10/07, TP 07 (2007/08), Peter Holmes carried out a variance check for stock unit AA at 07.37hrs. The variance was -£10,739.78. From this date, Mr Holmes carried out a variance check every Wednesday at the end of the Trading Period, prior to the office opening. However from TP 07 to TP 01 (2008/09) the final cash declarations were made by another member of staff. If Mr Holmes was stealing money/producing false accounts during this period, it is possible the person who declared the cash was aware of the shortages. Mr Holmes stated no one else in the office was involved. The possibility is that he told them the figures and they input them into Horizon.

On Wednesday 28/05/08, TP 02, Mr Holmes carried out a variance check at 07.33hrs. The variance was -£39,002.07. User VMI001 declared the cash as £85,458.24 at 12.13hrs. Peter Holmes then did

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a variance check, -£39,017.63 at 13.03hrs followed by a cash declaration, £124,458.24 at 13.26hrs. The total of the second variance check and the cash declaration is £124,475.87. This would suggest Mr Holmes is keeping a note of what the shortage is.

The first time the cash is declared under declaration ID 09 is Wednesday 30/07/08, TP 04. The cash is declared as £34,000. Further declarations are made under this ID on 05/08/08, £36,900 and 13/08/08, £44,400.

On Tuesday 26/08/08 the final cash declaration ID 09, £46,400 is made prior to the audit of 18/09/08. On Wednesday 27/08/08, TP 05 User VMI001 declared the cash on declaration ID 06, £46,629.10 at 16.20hrs. Mr Holmes declared the same amount under ID 06 at 17.04hrs prior to balancing. The total of the declaration ID 06 and ID 09 is £93,029.10. The BTS shows the cash on hand as £93,839.11 with a £1189.99 overage.

The above would suggest Mr Holmes changed tact in July, declaring the shortage as cash using Declaration ID 09.

Mr Holmes also made allegations the Horizon equipment was faulty over a period of time in early 2008. This has been checked and the allegations are unfounded.

The Horizon Data and BTS cash on hand figures have been scheduled and are at Appendix B.

Mr Holmes resides	GRO
GRO	The house is owned by Mr Holmes and his wife. The house was purchased in 1997 for £73,000 on a 17 year repayment mortgage, and has approximately £40,000 outstanding. The monthly repayments are unknown as is the current value of the property. Mr Holmes took out a £20,000 loan in 1997 to be repaid over a 15 year period. Further details are included on the Financial Evaluation sheet at Appendix B.

Form GS208 has been submitted to the relevant authorities. A reply to a previously submitted G207 has been received. Copies of the replies and the GS207 request are at Appendix C.

Mr Sunil Khanna has made arrangements with Retail Line to repay the £46,049.16 shortage in full.

The loss to Post Office Ltd currently stands at £36,400.

There are failures and weaknesses identified that would have facilitated these offences being committed.

- Mr Sunil Khanna was the Subpostmaster in name only. He took no part in the running of the branch and did not have access to the Horizon system. Mr Khanna should take control of the branch and ensure he has supervisory rights on Horizon. In doing so he should obtain the proper reports to ensure the cash and stock at Jesmond SPOB are no longer vulnerable.

Mr Holmes has attempted to blame the Horizon system on the shortages, however checks have revealed no problems. He voiced concerns someone may have gained entry after he left, however the alarm logs show this not to be the case. He stated he never reported the shortages because he didn't get on with Mr Khanna's brother Anil. The last BTS that Mr Khanna received was TP05, ending 22/08/09. It would appear Mr Holmes stopped providing a copy of the BTS due to the shortages.

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Mr Holmes transacted deposits into his bank account at Jesmond SPOB. He said these were the taking from his wife's business, Cakes Classes and Cutters. Her business is next door to Brumpton Park SPOB. deposits into the account were also made here. Mr Holmes stated all the deposits were legitimate.

Mr Holmes stated he had spent too many years in the Police Force, seeing things go wrong to start stealing money from anybody. He was also a Subpostmaster at Monkseaton for 6/7 years. Taking this onboard it is incredulous to think Mr Holmes would allow a large shortage, never mind 11 large shortages to go unreported. The evidence would suggest Mr Holmes has been producing false accounts since 24th October 2007. There are eleven false accounts produced since then.

Mr Holmes has denied the theft of Post Office money, however has admitted to False Accounting. He stated he disguised the shortage by declaring the cash under Declaration ID 09. I would see no reason why we should not proceed with the prosecution of Mr Peter Anthony Holmes.

A copy of the Stakeholder Notification e-mail is at Appendix C. A case file event log has not been completed.

A Planned Operation-Risk Assessments (GS099) was completed and is at Appendix C.

All original exhibits in this case are being held by myself, securely, at Glasgow Mail Centre.

These papers are submitted for the current position to be noted and for a decision on any prosecution. No doubt they will be returned to me in due course.

A verbal account has been given to [REDACTED], Contract Account Manager. The discipline side has been dealt with and Mr Khanna has been reinstated.

Robert Daily
Fraud Advisor

GRO

30 January 2009